

BEFORE THE
POSTAL RATE COMMISSION

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

DOCKET NO. R97-1

**FIRST SET OF INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS FROM UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS CRUM
(UPS/USPS-T28-1 through 11)**

(July 29, 1997)

Pursuant to the Commission's Rules of Practice, United Parcel Service hereby serves the following interrogatories and requests for production of documents directed to United States Postal Service witness Crum (UPS/USPS-T28-1 through 11).

Respectfully submitted,



John E. McKeever
Albert P. Parker
Stephanie Richman
Attorneys for United Parcel Service

Schnader Harrison Segal & Lewis LLP
1600 Market Street, Suite 3600
Philadelphia, PA 19103-7286
(215) 751-2200

and

1913 Eye Street, N.W., Suite 600
Washington, D.C. 20006-2106
(202) 463-2900

Of Counsel.

**INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS CRUM**

UPS/USPS-T28-1. (a) Please confirm that "all DBMC mail is bulk accepted and avoids the single piece acceptance portion of window costs."

(USPS-T-28 at 1, line 25) If not confirmed, please explain.

(b) Please confirm that your Exhibit A notes DBMC window service cost of \$52,047. If not confirmed, please explain.

(c) If all DMBC mail volume avoids window service costs, please explain why any window service costs (CS 3.2) are attributed to DBMC volume.

UPS/USPS-T28-2. (a) Please confirm that your calculation of the volume of parcel post deposited upstream from the BMC/ASF assumes that the proportion of Inter-BMC volume deposited by mailers at BMCs has remained constant since FY 1989. If not confirmed, please explain.

(b) Have any studies or other estimates using more recent data been performed to estimate the proportion of Inter-BMC volume deposited by mailers at BMCs? If so, produce all such studies.

(c) Are there any qualitative estimates which might indicate whether mailers are depositing more or less Inter-BMC volume (as a percentage of total) at BMCs in years after FY 1989 than during FY 1989?

UPS/USPS-T28-3. Please explain exactly how OBMC pieces will be accepted at BMCs and how their processing will differ from the processing and handling of other inter-BMC parcels.

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UPS/USPS-T28-4. Please describe the criteria for the minimum number of pieces in a mailing to qualify for the OBMC discount. Include in your explanation whether the criteria apply to the OBMC mailing as a whole (i.e., need there be only 50 parcels total?), or whether the criteria apply to each of the destination BMCs in an OBMC mailing (i.e., must there be 50 parcels for each destination BMC?). Also include what criteria, if any, will be established with respect to the "fullness" of the container required for mail in an OBMC mailing.

UPS/USPS-T28-5. On page 5, lines 4-6, of your direct testimony you state that there is a presort requirement of 10 pieces per 5-digit area for machinable parcels and 25 pieces per 5-digit area for non-machinables for DSCF parcel post. On page five, lines 15-16, of your testimony you state that "[t]o be consistent with the DMBC requirements, DSCF parcels must be limited to mailings with at least 50 pieces." Please reconcile these statements.

UPS/USPS-T28-6. Please explain why and on what basis you assume 50 pieces per pallet on average for calculating the DSCF discount.

UPS/USPS-T28-7. Your analysis assumes that OBMC machinable pieces will be delivered on gaylords. Please provide a picture of gaylord containers.

UPS/USPS-T28-8. (a) Please confirm that parcels eligible for the DDU discount will still need to be unloaded at the delivery unit. If not confirmed, please

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explain. If confirmed, please explain why you include the cost of unloading parcels at the DDU in your calculation of the DDU discount.

(b) Will the parcels eligible for DDU discounts be on pallets? If not, what container will they be in?

UPS/USPS-T28-9. (a) Please confirm that in Docket No. R90-1, witness Acheson (USPS-T-12, pages 24-26) calculated the mail processing costs avoided by DBMC at non-BMC facilities by first calculating machinable and non-machinable costs avoided and then weighting those avoided costs by the proportion of intra-BMC mail that is machinable and non-machinable. If not confirmed, please explain.

(b) Please explain why you did not employ witness Acheson's methodology referred to in (a) above and explain how your results would differ if you were to follow the methodology adopted by witness Acheson in Docket No. R90-1.

UPS/USPS-T28-10. (a) Please confirm that a higher percentage of DBMC mail is machinable than is non-DBMC mail. If not confirmed, please explain.

(b) Please confirm that your calculation implicitly assumes that DBMC mail is machinable in the same proportion as non-DBMC mail. If not confirmed, please explain.

(c) Please confirm that your calculation overstates the upstream savings of the average DBMC piece relative to a non-DBMC piece. If not confirmed, please explain.

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UPS/USPS-T28-11. Refer to your response to DMA/USPS-T7-22 in Docket No. MC97-2.

- (a) Explain why the Access and Other Load cost components for city carrier street costs are not differentiated by shape.
- (b) Confirm that when a parcel is sorted to a letter or flat case, it is recorded in the Carrier Cost System as a letter or a flat, not a parcel.
- (c) Confirm that this treatment of parcels in the Carrier Cost System will tend to understate parcel delivery costs. If not confirmed, explain.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in
accordance with section 12 of the Commission's Rules of Practice.


Stephanie Richman

Dated: July 29, 1997
Philadelphia, Pa.